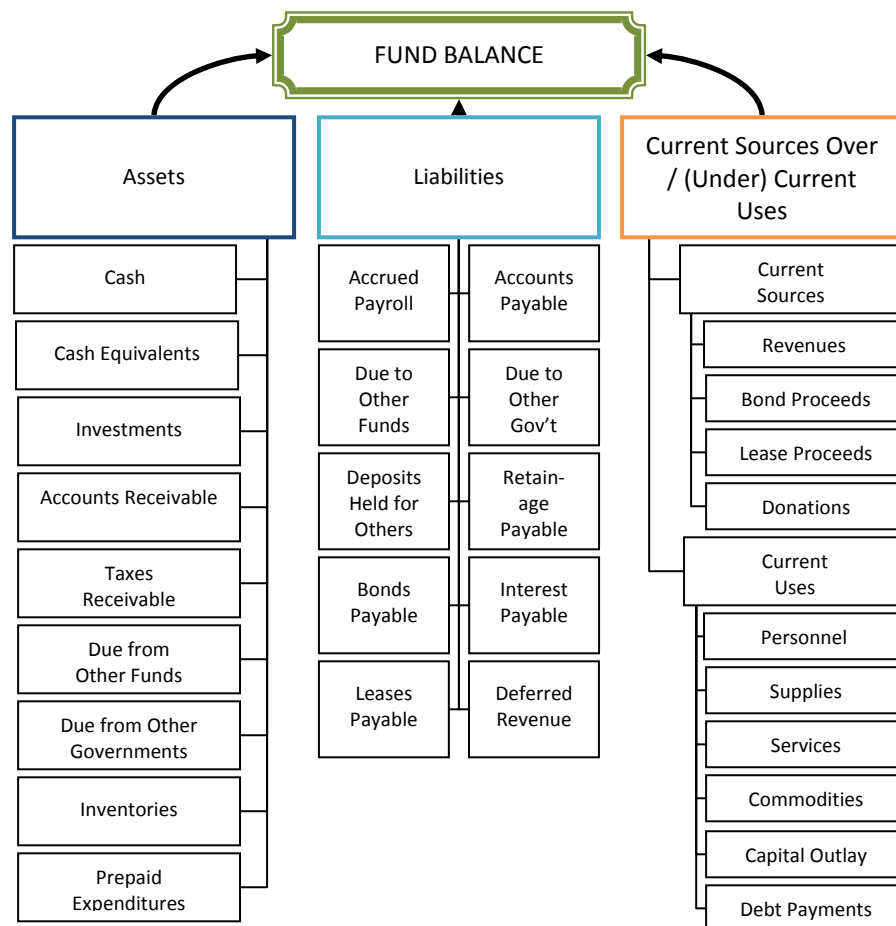


RECOMMENDED PRACTICE

A strong cash and fund balance can be quantified, but it should also be qualified. Recommended practices set the percentage of an entity's budgets dedicated to reserves as ranging from no less than 5% to 15%. A good cash and fund balance should be identified by what requirements will arise in the following fiscal year. Generally applying the 5% to 15% range to the subsequent year's needs rather than only the current year's budget is considered good standing.

The County's adopted cash and fund balance policy delegates the determination of the amount of adequate balance to maintain to the County Administrator and Finance Director. This policy also states the emergency reserves to be set at no less than 5% of operating expenditures.

The adequate amount of balance to maintain for each district and fund that is required to maintain a balance varies. Factors that are considered include, but not limited to: timing of revenue and expenditures, historical and anticipated trends of revenues and expenditures, and future adequate balance requirements.

COMPOSITION OF FUND BALANCE

The above flow charts illustrate the composition of fund balance: **Fund Balance** = Assets - Liabilities + Net Current Year's Source [Over / (under)] Current Uses.

	FY2014 Projected	FY2015 Recommend		
	Actuals	Budget	Difference	% Change
General Fund	\$ 13,765,976	\$ 8,029,256	\$ (5,736,720)	-41.7%
HURF	16,795,230	3,180,572	(13,614,658)	-81.1%
Jail District Operations	785,505	509,843	(275,662)	-35.1%
Library District	7,173,736	5,099,253	(2,074,483)	-28.9%
Health District	956,248	686,067	(270,181)	-28.3%
Flood Control	16,617,700	1,145,504	(15,472,196)	-93.1%
Housing	973,152	817,457	(155,695)	-16.0%
Improvement Districts	1,013,957	928,183	(85,774)	-8.5%
Debt Service	4,598,035	4,554,768	(43,267)	-0.9%
Capital Improvements	4,946,812	762,481	(4,184,331)	-84.6%
Other Govt. Funds	5,567,950	3,457,582	(2,110,368)	-37.9%
Internal Service Funds	6,683,555	5,332,009	(1,351,546)	-20.2%
	\$ 79,877,856	\$ 34,502,975	\$ (45,374,881)	-56.8%

Changes in Fund Balance

General Fund: The FY2014/2015 budgeted ending fund balance decreases 41.7% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of a decision to maintain the property tax levy at the same level as the proceeding year plus new construction, state funding/cost shifts, a projected reduction in federal reimbursements, lower than expected local tax revenue and increased costs in areas such as the AZ Health Care Cost Containment System, pension plans and health insurance.

HURF: The FY2014/2015 budgeted ending fund balance decreases 81.1% (combined Development Services and Public Works) as compared to FY2013/2014 projected actual ending fund balance. This is primarily due to state funding/cost shifts, ongoing projects having reached the stage where spending is anticipated to increase and increased material and fuel costs.

Jail District General Operations: The FY2014/2015 budgeted ending fund balance decreases 35.1% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of lower than expected local tax revenue and increased costs for capital outlay.

Library District: The FY2014/2015 budgeted fund balance decreases 28.9% as compared to FY2013/2014 projected actual ending fund balance. While the fund balance is budgeted to decrease, it is a management decision to draw down the fund balance gradually over time to come into the stated and self imposed fund balance guidelines.

Health District: The FY2014/2015 budgeted fund balance decreases 28.3% as compared to FY2013/2014 projected actual ending fund balance. This is primarily due to lower than expected local tax revenue and increased costs in supplies & services.

Flood Control District: The FY2014/2015 budgeted fund balance decreases 93.1% as compared to FY2013/2014 projected actual ending fund balance. This is primarily due to the reduced Flood Control property tax levy, ongoing projects having reached the stage where spending is anticipated to increase and increased material costs.

Housing: The FY2014/2015 budgeted fund balance decreases 16.0% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of reduced funding.

Changes in Fund Balance- Concluded

Capital Improvements: The FY2014/2015 budgeted fund balance decreases 84.6% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of ongoing projects having reached the stage where spending is anticipated to increase, critically needed new projects and increased material costs.

Other Governmental Funds: The FY2014/2015 budgeted fund balance decreases 37.9% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of a projected reduction in federal reimbursements, state funding/cost shifts and increased costs.

Internal Service Funds: The FY2014/2015 budgeted fund balance decreases 20.2% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of a projected increase in costs.

All Funds

SUMMARY OF CHANGES IN FUND BALANCES

	General Fund	Highway User Revenue Funds	Jail District General Operations	Library District General Operations	Health District General Operations	Flood Control District General Operations	Housing General Operations
Fund balance 06/30/13	\$17,656,618	\$18,775,880	\$ 1,881,747	\$ 9,005,962	\$ 535,771	\$ 17,731,497	\$1,155,823
Sources:							
Revenues	68,480,377	10,910,557	13,048,394	9,867,072	7,501,553	2,752,008	3,861,899
Transfers in	6,589	-	6,646,560	332	1,218,196	-	-
Total sources	68,486,966	10,910,557	19,694,954	9,867,404	8,719,749	2,752,008	3,861,899
Uses:							
Expenditures	64,622,631	12,891,207	19,511,174	8,359,655	7,902,526	3,865,805	4,044,570
Transfers out	7,754,977	-	1,280,022	3,339,975	396,746	-	-
Total uses	72,377,608	12,891,207	20,791,196	11,699,630	8,299,272	3,865,805	4,044,570
Change in fund balance (net)	(3,890,642)	(1,980,650)	(1,096,242)	(1,832,226)	420,477	(1,113,797)	(182,671)
Fund balance 06/30/14	13,765,976	16,795,230	785,505	7,173,736	956,248	16,617,700	973,152
Budget Fiscal Year 2015:							
Sources:							
Revenues	70,372,928	11,117,000	13,496,202	9,769,915	8,021,921	3,505,064	3,796,990
Transfers in	3,923	-	6,613,040	-	1,214,619	-	-
Total sources	70,376,851	11,117,000	20,109,242	9,769,915	9,236,540	3,505,064	3,796,990
Uses:							
Expenditures	68,436,438	24,731,658	19,348,329	8,420,195	9,113,552	18,977,260	3,952,685
Transfers out	8,871,976	-	1,036,575	3,424,203	393,169	-	-
Anticipated reversions	(1,194,843)	-	-	-	-	-	-
Total uses	76,113,571	24,731,658	20,384,904	11,844,398	9,506,721	18,977,260	3,952,685
Change in fund balance (net)	(5,736,720)	(13,614,658)	(275,662)	(2,074,483)	(270,181)	(15,472,196)	(155,695)
Fund balance 06/30/15	\$ 8,029,256	\$ 3,180,572	\$ 509,843	\$ 5,099,253	\$ 686,067	\$ 1,145,504	\$ 817,457

All Funds

SUMMARY OF CHANGES IN FUND BALANCES

	Improvement Districts	Debt Service	Capital Improvements	Other Governmental Funds	Internal Service Funds	Total All Funds	Total Governmental Funds
Fund balance 06/30/13	\$ 1,208,829	\$ 5,281,615	\$ 6,555,198	\$ 6,515,105	\$ 7,342,802	\$93,646,847	\$ 86,304,045
Sources:							
Revenues	873,708	272,332	358,518	28,460,066	14,572,466	160,958,950	146,386,484
Transfers in	2,207	4,544,720	2,110,600	1,118,695	-	15,647,899	15,647,899
Total sources	875,915	4,817,052	2,469,118	29,578,761	14,572,466	176,606,849	162,034,383
Uses:							
Expenditures	868,580	5,215,879	2,690,545	29,523,656	15,231,713	174,727,941	159,496,228
Transfers out	202,207	284,753	1,386,959	1,002,260	-	15,647,899	15,647,899
Total uses	1,070,787	5,500,632	4,077,504	30,525,916	15,231,713	190,375,840	175,144,127
Change in fund balance (net)	(194,872)	(683,580)	(1,608,386)	(947,155)	(659,247)	(13,768,991)	(13,109,744)
Fund balance 06/30/14	1,013,957	4,598,035	4,946,812	5,567,950	6,683,555	79,877,856	73,194,301
Budget Fiscal Year 2015:							
Sources:							
Revenues	1,080,976	256,665	1,232,736	28,332,824	14,560,027	165,543,248	150,983,221
Transfers in	-	4,882,550	484,634	1,052,040	-	14,250,806	14,250,806
Total sources	1,080,976	5,139,215	1,717,370	29,384,864	14,560,027	179,794,054	165,234,027
Uses:							
Expenditures	1,162,827	5,182,482	5,901,701	30,974,272	15,911,573	212,112,972	196,201,399
Transfers out	3,923	-	-	520,960	-	14,250,806	14,250,806
Anticipated reversions	-	-	-	-	-	(1,194,843)	(1,194,843)
Total uses	1,166,750	5,182,482	5,901,701	31,495,232	15,911,573	225,168,935	209,257,362
Change in fund balance (net)	(85,774)	(43,267)	(4,184,331)	(2,110,368)	(1,351,546)	(45,374,881)	(44,023,335)
Fund balance 06/30/15	\$ 928,183	\$ 4,554,768	\$ 762,481	\$ 3,457,582	\$ 5,332,009	\$34,502,975	\$ 29,170,966